

Introduced by Senator Cox
(Coauthor: Senator Alquist)

February 27, 2009

An act to add Section 1366.30 to the Health and Safety Code, and to add Section 10128.60 to the Insurance Code, relating to health care coverage, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 727, as amended, Cox. Cal-COBRA.

Existing law provides for licensing and regulation of health care service plans by the Department of Managed Health Care. Existing law provides for regulation of health insurers by the Insurance Commissioner. A willful violation of provisions governing health care service plans is a crime.

~~Existing law requires health care service plans and health insurers to offer continuation of group coverage for a specified period of time to persons who become ineligible for group coverage, otherwise known as COBRA or Cal-COBRA.~~

Existing law, the California Continuation Benefits Replacement Act (Cal-COBRA), requires a health care service plan and health insurer providing group coverage to employers of 2 to 19 eligible employees to offer continuation of that coverage for a specified period of time to certain qualified beneficiaries, as specified.

This bill would also require ~~that health care service plans plan and health insurers insurer~~ to offer continuation coverage ~~if the person is covered by an employer group plan that is terminated by the employer and to a person covered under the group benefit plan if the employer~~

terminates the plan and does not provide a successor group benefit plan to its employees and the covered employee is an active employee at the time the employer terminates the plan. The bill would require the offered coverage to be for not less than 18 months from the termination date, *except as specified*, and to be offered under the same terms ~~and~~, conditions, *and rates* as the former group plan, but subject to the rules governing ~~COBRA~~ Cal-COBRA coverage, to the extent relevant ~~and~~, applicable, *and not in conflict with the bill's provisions.* By modifying the requirements applicable to health care service plans, the willful violation of which would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1366.30 is added to the Health and Safety
2 Code, to read:

3 1366.30. (a) Notwithstanding any other provision of this
4 article, a health care service plan shall also offer an enrollee
5 continuation coverage if ~~the~~ *all of the following requirements are*
6 *met:*

7 (1) ~~The enrollee is covered by an employer group benefit plan~~
8 *under a group benefit plan, as defined in Section 1366.21, that is*
9 *terminated by the employer and the employer.*

10 (2) ~~The employer does not provide a successor group benefit~~
11 *plan to its employees. The offered coverage*

12 (3) *The covered employee under the group benefit plan is an*
13 *active employee at the time the employer terminates the group*
14 *benefit plan.*

15 (b) *The continuation coverage offered pursuant to this section*
16 *shall be for not less than 18 months from the termination date*
17 *the employer terminates the group benefit plan, unless the covered*

1 *employee's employment is terminated for cause, in which case the*
2 *continuation coverage shall cease, and shall be offered under the*
3 *same terms and conditions, conditions, and rates as the former*
4 *group plan, but subject to the rules governing COBRA coverage*
5 *continuation coverage under this article to the extent those rules*
6 *are relevant and applicable. "COBRA" has the meaning as defined*
7 *in subdivision (b) of Section 1366.29, applicable, and do not*
8 *conflict with the requirement to provide continuation coverage*
9 *pursuant to subdivision (a).*

10 SEC. 2. Section 10128.60 is added to the Insurance Code, to
11 read:

12 10128.60. (a) Notwithstanding any other provision of this
13 article, a health insurer shall also offer an insured continuation
14 coverage if ~~the~~ *all of the following requirements are met:*

15 (1) ~~The insured is covered by an employer group benefit plan~~
16 *under a group benefit plan, as defined in Section 10128.51, that*
17 *is terminated by the employer and the employer.*

18 (2) ~~The employer does not provide a successor group benefit~~
19 *plan to its employees. The offered coverage*

20 (3) ~~The covered employee under the group benefit plan is an~~
21 *active employee at the time the employer terminates the group*
22 *benefit plan.*

23 (b) ~~The continuation coverage offered pursuant to this section~~
24 *shall be for not less than 18 months from the termination date*
25 *the employer terminates the group benefit plan, unless the covered*
26 *employee's employment is terminated for cause, in which case the*
27 *continuation coverage shall cease, and shall be offered under the*
28 *same terms and conditions, conditions, and rates as the former*
29 *group benefit plan, but subject to the rules governing COBRA*
30 *coverage continuation coverage under this article to the extent*
31 *those rules are relevant and applicable. "COBRA" has the meaning*
32 *as defined in subdivision (c) of Section 10128.59, applicable, and*
33 *do not conflict with the requirement to provide continuation*
34 *coverage pursuant to subdivision (a).*

35 SEC. 3. No reimbursement is required by this act pursuant to
36 Section 6 of Article XIII B of the California Constitution because
37 the only costs that may be incurred by a local agency or school
38 district will be incurred because this act creates a new crime or
39 infraction, eliminates a crime or infraction, or changes the penalty
40 for a crime or infraction, within the meaning of Section 17556 of

1 the Government Code, or changes the definition of a crime within
2 the meaning of Section 6 of Article XIII B of the California
3 Constitution.

4 SEC. 4. This act is an urgency statute necessary for the
5 immediate preservation of the public peace, health, or safety within
6 the meaning of Article IV of the Constitution and shall go into
7 immediate effect. The facts constituting the necessity are:

8 In order to provide for the extension of health care coverage to
9 affected individuals as quickly as possible, it is necessary that this
10 act take effect immediately.

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